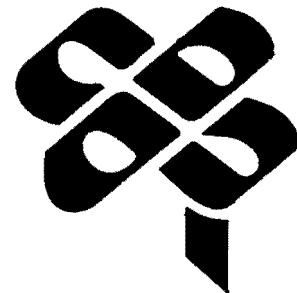


Co-operative Federation of Victoria Limited
(incorporated under the Victorian Co-operation Act)



ANNUAL REPORT

For year ended 30 June 1995

Registered Office
RMB 1282, Langs Road, BLAMPIED, VICTORIA, 3364
Telephone: (053) 457 466 Facsimile: (053) 483 253

CO-OPERATIVE PRINCIPLES

1. Open and voluntary membership

Membership of a co-operative society should be voluntary and available without artificial restriction or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

2. Democratic control

Co-operative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.

3. Limited interest on shares

Share capital should only receive a strictly limited rate of interest, if any,

4. Return of surplus to members

Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- (a) by provision for development of the business of the co-operative;
- (b) by provision of common services; or
- (c) by distribution among the members in proportion to transactions with the society.

5. Co-operative education

All co-operative societies should make provision for the education of their members, officers and employees, and of the general public, in the principles and techniques of co-operation, both economic and democratic.

6. Co-operation among co-operatives

All co-operative organisations, in order to best serve the interest of their communities, should actively co-operate in every practical way with other co-operatives at local, national and international levels.



CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

MISSION

To develop and promote the Co-operative Movement as a means of satisfying the economic and social needs of people.

OBJECTIVES

1. Help improve the performance of member co-operatives in the provision of services to their members.
2. Make representations to government on legislation and policies to facilitate the development of co-operatives.
3. Promote co-operatives to the public.
4. Facilitate and promote the formation of co-operatives.
5. Educate co-operative members and the community at large in co-operative principles and practices.
6. Facilitate co-operation between co-operatives.

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

Report from the Board of Directors

Over the 1994/95 year, your Board has consolidated the Federation as the peak co-operative body in Victoria. Building on the work of the previous year, the Board has initiated a range of activities that aim to develop and strengthen the co-operative movement in Victoria.

The Board wishes to thank those members who have financially supported the Federation during the year. The Board also wishes to thank the Co-operatives Unit, Office of Business Affairs, for a grant to assist the Federation's co-operative education and development initiatives.

Members can look forward to new services, education and promotional programs over the coming year.

THE BOARD

Your Board met on 9 occasions during the year. In that time, Mr Bernie Harford, Chief Executive and delegate of Genetics Australia Co-operative Society Ltd was appointed to fill a casual vacancy created by the resignation of Mr Desmond Ryan, who served on the Board for one year.

At the start of the year, Mr. John Gill, Secretary and delegate of the Victorian Producers' Co-operative Co. Ltd was re-elected Chairman and Mr. Anthony (Tony) Gill was reappointed Secretary for a further one year term.

MEMBERSHIP

During the year, six co-operatives were admitted to membership; Moonee Creek Co-operative Ltd, Asia Pacific Co-operative Training Centre Ltd, Wathaurong Aboriginal Co-operative Ltd, Wombat Co-operative Ltd, Co-operative Energy Ltd and Monash Co-operative Bookshop Ltd.

Of the Federation's 68 members at the end of the year, 39 had paid the 1994/95 annual subscription. Twelve co-operatives ceased membership because they have been dissolved over previous years and their shares were subsequently forfeited.

FINANCIAL

The Federation concluded the financial year with a surplus of \$5,586 after the provision of income tax, compared with \$6,313 in the previous year.

During the year, Grant Thornton resigned as auditor of the Federation, and Prowse Perrin and Twomey has been appointed the new auditor by the Board.

LEGISLATION

Following representations by the Federation, the Minister for Fair Trading, The Hon. Jan Wade, MLA, announced in October, 1994 that her Department has initiated a review of the Victorian Co-operation Act.

Work on a new act, however, has been delayed until matters associated with the co-operatives trading with interstate members has been resolved by all State Governments and the Commonwealth. During the year, the Federation was represented at two combined meetings of State Registrars and the Co-operatives Council of Australia to discuss policy and legislation issues.

The Federation will be maintaining pressure on the Government for a new Act over the coming year.

ACTIVITIES CONSISTENT WITH OBJECTIVES

To help improve the performance of member co-operatives:

- Provided advice and assistance to fifteen members.
- Published four editions of the Federation's newsletter, *the Victorian Co-operative News* and distributed to financial members, their directors, and other co-operatives and interested persons.
- Published articles in the newsletter on directors' duties and obligations, financial matters, legislation issues, and news from the Co-operatives Unit.
- Became the Australian agent for the distribution of publications from the U.K. Plunkett Foundation.
- Promoted courses offered by the Asia Pacific Co-operative Training Centre.
- Represented at various Victorian and interstate seminars on co-operative development.

To make representations to government on legislation and policies to facilitate the development of co-operatives:

- Made representations to the Premier of Victoria, the Minister for Fair Trading and the Minister for Agriculture on co-operatives legislation.
- Wrote to The Treasurer of Victoria seeking government support for electric co-operatives.
- Accepted an invitation to be represented on a working party of the Victorian Office of the Regulator-General.
- Maintained relations with the Co-operatives Unit, Department of Justice.
- Met the Shadow Minister for Agriculture.

To promote co-operatives to the public:

- Allocated funds to prepare a brochure on "what is a co-operative".
- Initiated an advertising feature on co-operatives which will appear in *The Weekly Times* newspaper in October, 1995.

To facilitate and promote the formation of co-operatives:

- Dealt with enquiries and assisted in the formation of Co-operative Energy Ltd and Greenlands Co-operative Ltd.

To educate members and the community at large on co-operative principles and practices:

- Published articles in the *Victorian Co-operative News* on the centenary of the International Co-operative Alliance and the background to a review of the co-operative principles.
- Held a seminar on *People Centred Businesses* with guest speaker, Mr. Edgar Parnell, Director, U.K. Plunkett Foundation.
- Initiated a seminar on *An Introduction to the Management of Co-operatives* for not for profit co-operatives, to be held in September, 1995.
- Profiled selected members in the *Victorian Co-operative News*.

To facilitate co-operation between co-operatives:

- Promoted the services of member co-operatives to other members.
- Participated in the formation of the Co-operatives Council of Australia.

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

BOARD OF DIRECTORS

DIRECTORS

| DIRECTORS | DELEGATE OF: |
|--------------------------|---|
| Mr. John Gill (Chairman) | <i>Victorian Producers' Co-operative Co. Ltd</i> |
| Ms. Miriam Carlson | <i>Chelsea Bayside Rental Housing Co-operative Ltd</i> |
| Mr. Stephen Chenery | <i>Wholefoods Co-operative Ltd</i> |
| Mr. Kenneth Chester | <i>Consolidated Herd Improvement Services Co-operative Ltd</i> |
| Ms. Jean Evans | <i>North Geelong Rental Housing Co-operative Ltd</i> |
| Mr. Bernie Harford | <i>Genetics Australia Co-operative Society Ltd</i> |
| Mr. Vern Hughes | <i>South Kingsville Health Services Co-operative Ltd</i> |
| Mr. Daniel McMullan | <i>Bonlac Foods Limited</i> |
| Ms. Kerry O'Neill | <i>Macaulay Community Enterprise Network Co-operative Ltd</i> |
| Mr. Ian Risstrom | <i>West Gippsland Herd Improvement Co-operative Ltd</i> |
| SECRETARY: | Mr. Anthony (Tony) Gill |
| AUDITOR: | Prowse Perrin and Twomey 20 Lydiard Street South Ballarat, Victoria |

DIRECTORS' REPORT

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

To the members,

Your Directors submit their report, together with the audited accounts of the Federation for the year ended 30 June 1995.

DIRECTORS

(a) The Directors in office as at the date of this report are:

John Gill (Chairman)
Miriam Carlson
Stephen Chenery
Kenneth Chester
Jean Evans
Bernie Harford
Vern Hughes
Daniel McMullan
Kerry O'Neill
Ian Risstrom

PRINCIPAL ACTIVITIES

(b) The principal activities of the Federation in the course of the financial year were:

- Making representations to the Victorian Government and maintaining relations with the Co-operatives Unit of the Department of Justice;
- Participating in discussions on interstate trade issues;
- Publishing the *Victorian Co-operative News*;
- Producing promotional brochures;
- Developing services for use by members;
- Providing advice to members;
- Holding seminars on co-operative issues;
- Participating in the formation of a national co-operatives body;
- Assisting in the development of new co-operatives.

SIGNIFICANT CHANGES

Significant changes in the nature of those activities during that period were:

New services and activities were initiated during the period for the benefit of members and co-operatives generally.

RESULTS FOR THE YEAR

(c) The net amount of the profit of the Federation for the financial year after provision for income tax was \$5,586.

RESERVES, PROVISIONS

(d) The amounts and particulars of material transfers to or from reserves or provisions during the financial year were: The shares of dissolved members amounting to \$120 was transferred from Share Capital to a Forfeited Share Reserve during the 1994/95 financial year.

SHARES & DEBENTURES

(e) Shares were not issued pursuant to a prospectus during the financial year. Debentures were not issued pursuant to a prospectus during the financial year.

DIVIDENDS

(f) The Directors recommend that no amount should be paid by way of dividend. No amount has been paid or declared by way of dividend since the end of the previous financial year.

BAD AND DOUBTFUL DEBTS

(g) The Directors (before the Profit and Loss Account and Balance Sheet were made out) have taken reasonable steps to ascertain what action has been taken in relation to writing off of bad debts and the making of provision for doubtful debts and have caused all known bad debts to be written off and the making of provision for doubtful debts to be made out.

(h) The Directors at the date of this report are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

(i) The Directors (before the Profit and Loss Account and Balance Sheet were made out) have taken reasonable steps to ascertain whether any current assets (other than current assets to which paragraph (g) applies) were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Federation and have caused those assets to be written down to an amount that they might be expected to realise.

(j) The Directors at the date of this report are not aware of any circumstances which would render the values attributed to the current assets in the accounts misleading.

CHARGES AND CONTINGENT LIABILITIES

(k) There exists at the date of this report:

- (i) No charge on the assets of the Federation which has arisen since the end of the financial year and secures the liabilities of any other person;
- (ii) No contingent liability which has arisen since the end of the financial year.

(l) No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Federation to meet its obligations when they fall due.

MATERIAL & UNUSUAL ITEMS & EVENTS

(m) The Directors at the date of this report are not aware of any circumstances not otherwise dealt with in this report or accounts which would render any amount stated in the accounts misleading.

(n) The results of the Federation's operations during the financial year were not in the opinion of the Directors substantially affected by any item, transaction or event of a material and unusual nature.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(o) There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the Federation's operations for the next succeeding financial year.

SHARE OPTIONS

(p) The Federation has not during the course of the year or since the end thereof granted to a person an option to have issued to him/her shares in the Federation.

DIRECTORS' BENEFITS & CONTRACTS

(q) Since the end of the previous financial year, a Director of the Federation has not received or become entitled to receive a benefit, by reason of a contract made by the Federation with the Director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

This report is made in accordance with a resolution of the Board and is signed for and on behalf of the Directors.

Signed at Melbourne on the 25th day of August 1995.

John Gill
DIRECTOR

Ian Risstrom
DIRECTOR

20 Lydiard Street South, Ballarat Postal Address: PO Box 603, Ballarat, 3353
Telephone (053) 31 3711 (6 lines) Facsimile (053) 31 7980 DX 35036

Date

Your Ref

Our Ref

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CO-OPERATIVE FEDERATION OF VICTORIA LIMITED**

Scope

We have audited the accounts being the Statement by Directors, Profit and Loss Account and Balance Sheet and Notes to Accounts of Co-operative Federation of Victoria Limited for the year ended 30 June, 1995. The Federation's directors are responsible for the preparation and presentation of the accounts and the information they contain. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Federation.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and the Co-operation Act 1981, so as to present a view which is consistent with our understanding of the Federation's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- a. we have obtained all the information and explanations required,
- b. the accounts of Co-operative Federation of Victoria Limited are properly drawn up in accordance with the provisions of the Co-operation Act 1981 (as amended) so as to give a true and fair view, in accordance with the accounting policies described in Note 1 to the financial statements, of:
 - i. the state of affairs of the Federation as at 30 June, 1995 and of its results for the year ended on that date, and
 - ii. the other matters required by Section 130 of that Act to be dealt with in the accounts,

-2-

- c. the accounts are properly drawn up in accordance with applicable Accounting Standards with the exception that Accounting Standard AASB1026 (Statement of Cash Flows) has not been adopted, and
- d. the accounting records and other records and registers required by that Act to be kept by the Federation have been properly kept in accordance with the provisions of that Act.

Ballarat
1ST September, 1995

Prowse, Perrin, Twomey
PROWSE, PERRIN & TWOMEY
Certified Practising Accountants

Tim Bunning
Tim Bunning
(Partner)

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

STATEMENTS ACCOMPANYING THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1995

STATEMENT BY DIRECTORS

The Directors consider that the Federation is not a reporting entity as disclosed in note 1 to the accounts, as in their opinion, there are unlikely to exist users dependant upon general purpose financial statements for information which would be useful to them in making and evaluating decisions about the allocation of scarce resources. The accounts are regarded as a "Special Purpose Financial Report" that has been prepared solely to meet the requirements of the Co-operation Act 1981.

The Federation has applied Accounting Standard AASB 1025 (Application of the Reporting Entity Concept and other Amendments). The Accounts have been prepared in accordance with applicable Accounting Standards and the Co-operation Act 1981 with the exception that Accounting Standard 1026 (Statement of Cash Flows) has not been adopted.

In our opinion, the accounts of the Co-operative Federation of Victoria Limited are properly drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Federation as at 30 June 1995 and of the profit of the Federation ended on that date; and
- (b) in accordance with applicable Accounting Standards.

Signed at Melbourne the 25th day of August 1995 in accordance with a resolution of the Directors.

John Gill
DIRECTOR

Ian Risstrom
DIRECTOR

STATEMENT BY PRINCIPAL ACCOUNTING OFFICER

To the best of my knowledge and belief the accompanying accounts give a true and fair view of the matters required by Section 130 of the Co-operation Act 1981 (as amended) of the State of Victoria to be dealt with therein.

Signed at Melbourne this 25th day of August 1995.

Anthony Gill
PRINCIPAL ACCOUNTING OFFICER

BALANCE SHEET

AS AT 30 JUNE 1995

| | Notes | 1995 \$ | 1994 \$ |
|--|-------|---------------|---------------|
| CURRENT ASSETS | | | |
| Cash on Hand | | 88 | 7 |
| Cash at Bank | | | |
| Commonwealth Bank | | 1,334 | 1,408 |
| Commonwealth Bank - Term Deposits | | 10,777 | 25,126 |
| IOOF - Term Deposits | | 22,281 | 6,596 |
| Stock of Publications | | 1,382 | - |
| TOTAL CURRENT ASSETS | | <u>35,862</u> | <u>33,137</u> |
| NON CURRENT ASSETS | | | |
| Investment - Shares in Asia Pacific Co-operative Training Centre Ltd (at cost) | 10 | 10 | |
| Office Furniture and Equipment (at WDV) | 195 | 230 | |
| Future Income Tax Benefit | 104 | 749 | |
| TOTAL NON CURRENT ASSETS | | <u>309</u> | <u>989</u> |
| TOTAL ASSETS | | <u>36,171</u> | <u>34,126</u> |
| CURRENT LIABILITIES | | | |
| Sundry Creditors | | 899 | 4,489 |
| Provision for Income Tax | | 2,094 | 2,250 |
| Unearned Income | | 15,145 | 15,000 |
| TOTAL LIABILITIES | | <u>18,138</u> | <u>21,739</u> |
| NET ASSETS | | <u>18,033</u> | <u>12,387</u> |
| SHAREHOLDERS EQUITY | | | |
| Share Capital | 4 | 700 | 760 |
| Forfeited Share Reserve | 5 | 120 | - |
| Statutory Reserve | 5 | 316 | 316 |
| Retained Profits | | 16,897 | 11,311 |
| TOTAL SHAREHOLDERS EQUITY | | <u>18,033</u> | <u>12,387</u> |

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE, 1995

| | Notes | 1995 | 1994 |
|---|-------|---------------|---------------|
| | | \$ | \$ |
| Operating Profit before Income Tax | 2 | 8,325 | 7,814 |
| Income Tax Attributable to Operating Profit | 3 | <u>2,739</u> | <u>1,501</u> |
| Operating Profit After Income Tax | | 5,586 | 6,313 |
| Retained profits at the beginning of the financial year | | <u>11,311</u> | <u>5,314</u> |
| Total available for appropriation | | 16,897 | 11,627 |
| Transfer to Statutory Reserve | 5 | <u>-</u> | <u>316</u> |
| Retained Profits at the End of the Financial Year | | <u>16,897</u> | <u>11,311</u> |

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

OPERATING STATEMENT

YEAR ENDED 30 JUNE, 1995

| | Notes | 1995 | 1994 |
|--------------------------------|-------|---------------|---------------|
| | | \$ | \$ |
| INCOME | | | |
| Donations Received | | - | 1,000 |
| Grants Received | | 15,000 | 10,100 |
| Fees Received | | 350 | - |
| Interest Received | | 1,775 | 772 |
| Commissions Received | | 12 | - |
| Membership Subscriptions | | 24,700 | 28,110 |
| Publication Sales | | 94 | - |
| Sundry Income | | 153 | - |
| | | <u>42,084</u> | <u>39,982</u> |
| EXPENSES | | | |
| Accounting and Audit Fees | 2 | 2,100 | 2,610 |
| Administration Fees | | 8 | - |
| Advertising and Promotion | | 2,720 | - |
| Banking Charges | | 124 | 67 |
| Catering | | 60 | - |
| Conferences and Seminars | | 2,299 | - |
| Consultants Fees | | 18,240 | 20,743 |
| Courier Charges | | 35 | - |
| Depreciation | | 35 | - |
| Fax Expenses | | 666 | 797 |
| Freight | | 325 | - |
| Insurance - Fidelity | | 140 | 140 |
| Library Resources | | - | 104 |
| Photocopier Expenses | | 1,314 | 1,067 |
| Postage | | 703 | 343 |
| Printing and Publishing | | 225 | 508 |
| Secretarial Fees | | - | 134 |
| Staff Training | | - | 1,374 |
| Stationery and Office Supplies | | 582 | 283 |
| Statutory Fees | | 78 | - |
| Stock Purchases | | 49 | - |
| Subscriptions and Memberships | | - | 50 |
| Sundry Expenses | | 115 | 85 |
| Telephone | | 1,949 | 1,364 |
| Travel | | <u>1,992</u> | <u>2,499</u> |
| | | <u>33,759</u> | <u>32,168</u> |
| OPERATING PROFIT | | | |
| | | <u>8,325</u> | <u>7,814</u> |

The accompanying notes form part of the accounts.

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS

YEAR ENDED 30 JUNE, 1995

1. Statement of Accounting Policies

a Basis of Accounting

The Co-operative Federation of Victoria Limited is not a reporting entity because in the Directors' opinion there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs, and these accounts are therefore a "Special Purpose Financial Report" that has been prepared solely to meet the Co-operation Act 1981 requirements to prepare accounts.

The accounts have been prepared in accordance with the applicable Accounting Standards issued by Australian Accounting bodies and the requirements of the Co-operation Act 1981 with the exception that Accounting Standards AASB 1026 (Statement of Cash Flows) has not been adopted.

The accounts have been prepared under the historical cost convention and, therefore, do not take into account changing money values or, except where stated, the current value of monetary assets.

The accounting policies adopted are consistent with those applied in the previous year with the exception of tax effect accounting.

b Plant and Equipment

Plant and equipment are included at cost. All assets are depreciated over their useful lives by the straight line method.

c Income Tax

The Co-operative Federation of Victoria Limited adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of operating profit before income tax and taxable income, are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS

YEAR ENDED 30 JUNE, 1995

1. Statement of Accounting Policies (cont.)

c Income Tax (cont.)

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Federation will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

| 1995 | 1994 |
|------|------|
| \$ | \$ |

2. Operating Profit

Operating profit before Income Tax
has been determined after:

Charging as Expense

Auditors' remuneration

| | | | |
|--------------------------|-------------------------------|-------|-------|
| (i) auditing of accounts | - current year | 485 | 1,200 |
| | - previous year under accrual | 110 | - |
| (ii) other services | | 1,505 | 1,410 |

3. Income Tax Expense

The *prima facie* tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:

| | | |
|---|-------|-------|
| Prima facie tax payable on operating profit before income tax at 33% | 2,747 | 2,579 |
| Abnormal item - recoupment or prior years tax losses not previously brought to account | - | 1,078 |
| Adjustment to Future Income Tax Benefit after change in company tax rate to 36% | 8 | - |

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS

YEAR ENDED 30 JUNE, 1995

| | 1995 | 1994 |
|--|------|------|
| | \$ | \$ |

3. Income Tax Expense (cont.)

The income tax expense comprises amounts set aside as:

| | | |
|---|--------------|--------------|
| Provision for income tax payable | 2,094 | 2,250 |
| Future income tax benefit | 645 | 329 |
| Recoupment of future income tax benefit in relation to prior years tax losses not previously brought to account | - | (1,078) |
| | <u>2,739</u> | <u>1,501</u> |

4. Share Capital

| | | |
|--|-----|-----|
| Issued capital: 350 (1994: 380 shares) shares of \$2 each fully paid | 700 | 760 |
|--|-----|-----|

5. Movement in Reserve

| | | |
|---------------------------------------|-----|-----|
| Forfeited Share Reserve | 120 | - |
| Transfer from Share Capital | - | - |
| Statutory Reserve | - | 316 |
| Transfer from profit and loss account | - | 316 |